

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Sandwich Isles Communications, Inc.)	
)	
Petition for Waiver of the Definition of)	CC Docket No. 96-45
"Study Area" Contained in Part 36,)	
Appendix-Glossary and Sections 36.611)	
and 69.2(hh) of the Commission's Rules)	

**SUPPORTING COMMENTS OF
THE WESTERN TELECOMMUNICATIONS ALLIANCE**

The Western Telecommunications Alliance ("Western Alliance") submits its comments in support of the captioned petition of Sandwich Isles Communications, Inc. ("Sandwich Isles") for any and all rule waivers necessary to re-establish the Hawaiian Home Lands as its study area and to continue to receive Universal Service Fund ("USF") support and interstate access pool settlements on the basis of its own costs. The Western Alliance believes that the efforts of Sandwich Isles since 1995 to serve the previously neglected Hawaiian Home Lands constitute the very type of extension of the public telecommunications network that the USF program was intended to encourage. The Commission should be doing everything possible to give Sandwich Isles and other willing investors and lenders the incentives and capabilities to serve the remaining pockets of insular and rural America that still lack the telecommunications infrastructure necessary to participate in the 21st Century economy and society.

The Western Alliance

The Western Alliance is a trade association that was formed by the merger of the Western Rural Telephone Association and the Rocky Mountain Telecommunications

Association. It represents approximately 250 rural telephone companies operating west of the Mississippi River, including Sandwich Isles.

**Universal Service Support Should Be
Restored To Sandwich Isles Immediately**

Section 254(b)(3) of the Communications Act declares that “[c]onsumers in all regions of the Nation, including low-income consumers and those in rural, insular and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.” 47 U.S.S. Sec. 254(b)(3).

USF support is needed to maintain affordable access to telecommunications and information services in many rural, insular and other high-cost areas. However, USF support is especially critical in the remaining rural and/or insular pockets of the nation that do not yet have any wireline or wireless telecommunications infrastructure or service. Whereas federal and state Universal Service policies have done an excellent job in bringing telephone service to the vast majority of American households (the telephone penetration ratio stood at 95.2 percent in July 2003 and at 94.7 percent in November 2003¹), the job is not yet finished. Rather, approximately 6.0 million United States households still have no telephone service. Although some of these households lack telephones because of lifestyle choices or inability to pay, there are still places in the western United States where telecommunications service is not available because they have not yet been reached and served by the public telecommunications network.

If new or existing carriers are going to have sufficient incentives to make the investments necessary to serve these unserved pockets, they and their lenders must have reasonable assurance of reliable and stable revenue streams. Among other things, the Commission and state regulators need to act promptly and efficiently to authorize federal and state universal service support, as well as National Exchange Carrier Association (“NECA”) tariff and pool participation, for carriers seeking to serve unserved areas in order to encourage such extensions of universal service.

The Hawaiian Home Lands were one of these essentially unserved areas until Sandwich Isles began serving them in 1998. Portions of the Hawaiian Home lands remain unserved as of the present date. The Western Alliance understands that the Commission’s re-opening of its February 1998 order has interrupted the USF support that Sandwich Isles has been receiving for its previous extensions of service into the Hawaiian Home Lands, and is threatening the viability of the plans of Sandwich Isles for future infrastructure investment in additional unserved portions of the Hawaiian Home Lands.

This proceeding is being watched closely by potential investors and lenders that are associated with other projects to extend the public telecommunications network into unserved areas. The Commission needs to act quickly to clarify Sandwich Isles’ status and restore its interstate revenue streams if it wants to encourage Sandwich Isles and others to serve the Nation’s remaining unserved areas.

The Commission’s November 15, 1984 study area boundary freeze was intended to ensure that incumbent local exchange carriers (“ILECs”) did not engage in

¹ Source: Industry Analysis and Technology Division, Wireline Competition Bureau, *Telephone Subscribership in the United States* (January 2004).

gerrymandering to place high-cost exchanges within their existing service territories into separate study areas in order to maximize their USF support.² Subsequently, the study area freeze was extended to exchange transactions in order to prevent ILECs from transferring exchanges to the existing study areas of other ILECs for the purpose of increasing interstate revenue requirements and compensation.³ However, the Commission previously has clarified that study area boundary waivers are not required when carriers create new study areas, or expand existing study areas, in order to serve previously unserved territories. Specifically, the Commission has held that study area boundary waivers are not required when: (a) a separately incorporated company is establishing a new study area for previously unserved territory; (b) a company is combining previously unserved territory with one of its existing study areas in the same state; and (c) a holding company is consolidating existing study areas in the same state.⁴ The predominant rationale for the Commission's clarification was to encourage Alaskan ILECs and others to extend service into unserved areas by eliminating the lengthy and expensive regulatory delays necessary to obtain study area boundary waivers. This rationale remains true today for the Hawaiian Home Lands and other unserved areas.

² Request for Clarification Filed by the National Exchange Carrier Association, Inc., *Memorandum Opinion and Order*, 11 FCC Rcd 8156 (CCB July 16, 1996) ("*NECA Clarification Order*"); MTS and WATS Market Structure, *Decision and Order*, 50 Fed. Reg. 939 (1985).

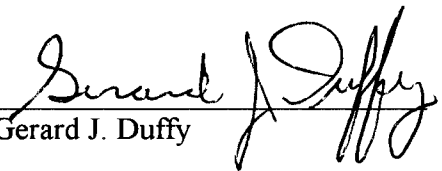
³ *NECA Clarification Order*, at par. 3.

⁴ *NECA Clarification Order*, at par. 9.

Conclusion

The present proceeding affords the Commission a significant and important opportunity to encourage new and existing carriers to serve the Nation's remaining unserved areas. As soon as possible, the Commission should grant Sandwich Isles whatever clarification and/or rule waivers are deemed necessary for it to receive USF support and interstate access pool settlements on the basis of its own costs and to continue its efforts to bring new and essential telecommunications services to the long neglected and unserved Hawaiian Home Lands.

Respectfully submitted,
**THE WESTERN TELECOMMUNICATIONS
ALLIANCE**

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Dated: February 8, 2005